

temporary reservation of leased access channel capacity for non-profit use.

With regard to cable systems with 36 to 54 channels, CME urges the Commission to require a set-aside of one full-time channel for non-profit use. For cable systems with 55 or more channels, CME urges the Commission to require that 25% of all leased access channels be temporarily set aside.

We suggest that an appropriate time period for the reservation would be three years after the adoption of Commission regulations establishing maximum reasonable rates and term. If a cable system expanded its channel capacity so that additional leased channels were required, it would be appropriate to reserve twenty-five percent of those channels for three years following the expansion.

#### **8. Rates for Part-Time Use of Leased Channels**

To date, few programmers have leased access channels on a full-time basis. Cable operators have far more commonly leased channel time by the hour on a local basis. One possible reason is that this limited form of leasing does not undermine monopsony rents obtained by operators in their dealings with national program networks.

Part-time leasing satisfies one of the purposes of Section 612 -- diversity of sources -- in that it allows lessees to gain access to cable without having to go to the expense of obtaining a full-time channel. This is particularly important to non-profit entities. CME believes that maximum rates for non-profit part-time

use should be pro-rated from full-time rates.<sup>31</sup> To avoid blocking full-time leased access use, CME believes that the Commission should require that part-time leasing be clustered on one channel until it is completely filled, and then expanded to a second channel which must be filled before expanding to a third.

#### **9. Inappropriateness of Applying Common Carrier Principles**

The foregoing analysis illustrate an essential difference between cable channel leasing and common carrier channel leasing. Unlike a common carrier, the fundamental business of the cable operator is to sell programming to subscribers at high mark-ups; leasing as much as 10-15% of its capacity to programmers is a comparatively minor sideline. Because the subscriber generally will not distinguish between programming on leased channels and that provided by the cable operator, the leased access programming will add to the value of a cable subscription. The addition of these channels produces revenue for the cable operator through increased penetration, at the same time that the operator reaps payments from programmers for carriage. The Commission needs to take this economic benefit to the cable operator into account when it considers whether its maximum rates will cause injury to cable systems under the standards set out in Section 612(c)(1) of the Act.

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<sup>31</sup> With respect to commercial use for which no charge to the customer is made, CME recommends that maximum leasing charges be based on a pro-ration of \$0.25 per subscriber per month -- which is probably higher than a uniform cost-of-service standard would dictate. Based upon industry conduct to date, CME expects that actual charges to part-time lessees often will be lower than the maximum.

**C. Regardless of What Standard it Chooses, the Commission Should Set Lower Maximum Rates for Non-Profit Programmers**

While CME strongly urges the Commission to establish various rate maximums as described above, regardless of the method the Commission ultimately selects for establishing reasonable maximum rates, it should make sure that non-profit programmers can afford to lease access. NPRM at ¶ 153.

**1. Congress Intended the Commission to Set Lower Maximum Rates for Non-Profit Entities**

The Cable Act gives the Commission the authority to set lower maximum reasonable rates for non-profit entities. The stated purpose for requiring leased access in the first instance was to "assure that the widest possible diversity of information sources are made available to the public from cable systems in a manner consistent with growth and development of cable systems."<sup>32</sup> The legislative history of the 1984 Act indicates that diversity would be fostered by charging lower rates to non-profit entities:

[B]y establishing one rate for all leased access users, a price might be set which would render it impossible for certain classes of cable services, such as those offered by not-for-profit entities, to have any reasonable expectation of obtaining leased access to a cable system.<sup>33</sup>

The 1984 House Report additionally made clear that it sought to assure a diversity of viewpoints by encouraging different program sources rather than services, since cable operators have the incentive to provide the latter but not the former.<sup>34</sup> This was

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<sup>32</sup> 1984 Cable Act § 612(a), 47 U.S.C. § 532(a).

<sup>33</sup> 1984 House Report at 51 (emphasis added).

<sup>34</sup> See 1984 House Report at 47.

true, "especially when a particular program supplier's offering provides programming which represents a social or political viewpoint that a cable operator does not wish to disseminate, or the offering competes with a program service already being provided by that cable system."<sup>35</sup>

The 1992 Cable Act reaffirms diversity as a key purpose of leased access.<sup>36</sup> Congress found the nearly unchecked discretion of the cable operators to establish rates and conditions was responsible for the minimal use of leased access channels. By requiring the FCC to establish maximum rates for leased commercial access channels, Congress intended to check cable operators' discretion and to "ensure that [leased access] channels are a genuine outlet for programmers."<sup>37</sup> Nothing in the 1992 Act or

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<sup>35</sup> Id.

<sup>36</sup> The 1991 Senate Report cites the 1984 House Report:

An important concept in assuring that cable systems provide the public with a true diversity of programming sources is leased access....to enable program suppliers to furnish programming when the cable operator may elect not to provide that service as part of the program offerings he makes available to subscribers.  
1991 Senate Report at 29-30.

<sup>37</sup> 1991 Senate Report at 79. Moreover, the legislative history of both Acts is replete with discussions noting the link between the important First Amendment principle of diverse information and the leased access channels. The 1984 House Report stated that the leased access requirement was "fundamental to the goal of providing subscribers with the diversity of information sources intended by the First Amendment." 1984 House Report at 30-31. Similarly, Senator Wirth in a floor debate noted that the leased access provision was one of several in the Act that would "help ensure that cable systems provide the widest possible diversity of information services and sources to the public, consistent with the first amendment's promise of a vibrant marketplace of ideas." 130 Cong. Rec. 27,975 (1984) (statement of Sen. Wirth).

legislative history contradicts the House Report's warning that establishing a single access rate would undermine diversity by making it impossible for non-profit entities to obtain access.

Non-profit organizations are often the source of the most diverse programming. Non-profit entities are generally limited financially, and are not be able to pay commercially competitive rates. Thus, in order to provide a "genuine outlet for programmers," the Commission must establish lower maximum rates for non-profit programmers.

**2. Reduced Rates for Non-Profits are Consistent with a Variable Rate System**

CME believes that its recommendation for low non-profit rates in the context of variable rate maximums is fully consistent with the requirement that leased access channel use not "adversely affect the operation, financial condition, or market development" of cable systems.<sup>38</sup> Under CME's proposal, cable operators will generally receive leased access rates in excess of those to be expected from uniform cost-of-service standards -- sometimes far in excess. Thus, taken as a whole, cable operators can be expected to recoup their costs and make a reasonable profit from channel leasing, even assuming very low rates for non-profits.

Moreover, like the advertiser-supported program services described earlier,<sup>39</sup> non-profit leased access programming will be provided to cable operators without charge. It will be included in

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<sup>38</sup> 1992 Cable Act § 612(c)(1), 47 U.S.C. § 532(c)(1).

<sup>39</sup> See infra § I(B)(5).

a larger menu of program offerings sold to cable subscribers at a mark-up. Subscribers generally will not differentiate leased-access programming from cable programming controlled by the cable operator. Non-profit programming will add to the value of cable subscribership, and generate revenues for cable operators through increased penetration.

**3. Reduced Rates for Non-Profits Would Be Appropriate Even Under a Cost-Based Rate System**

Even if the Commission establishes leased access rates based on the cost of providing carriage rather than the type of programming provided, it would still be justified in establishing lower rates for non-profit programmers. As Ithiel de Sola Pool observed:

Nondiscriminatory rates need not mean equal rates for all services. Railroad tariffs were different for eggs and coal. Telephone rates are different for household and businesses. Postage rates vary with classes of mail. It is not unreasonable to allow cable casters to charge one rate barely above marginal cost for a high school play, a higher rate for a program with commercials, and a still higher rate for a channel leased for a pay showing of the championship prize fight.<sup>40</sup>

Other examples of reduced rates for categories of common carrier services include interconnection services for public television and radio,<sup>41</sup> and the Lifeline and Link Up America programs.

The incremental capital and operating cost of a small number of non-profit channels is exceedingly low in a short-term time

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<sup>40</sup> Technologies of Freedom, 185-86 (1983).

<sup>41</sup> Communications Act of 1934, 47 U.S.C. § 396(h)(1).

horizon, and even lower on a long-run basis.<sup>42</sup> To the degree that pricing for non-profits exceeds the very small incremental cost of providing them service, rental rates they pay contribute to the cable operator's overhead costs, and thereby increase operator profits. These cost reductions ultimately accrue to subscribers. Under no scenario does CME believe that reduced rates for non-profit users would be subsidized by cable subscribers.

**D. The Commission Should Require All Cable Systems to Provide Billing and Collection Services and It Must Establish Reasonable Terms for Such Services**

The NPRM tentatively concludes that "the Cable Act of 1992 does not necessarily require cable operators to provide billing and collection services," but merely requires that the Commission set maximum rates should a cable operator choose to offer such services. NPRM at ¶ 146. CME submits that the Commission has misinterpreted Congress's intent.

The Cable Act requires that the Commission adopt rules to "establish reasonable terms and conditions for [commercial leased] use, including those for billing and collection."<sup>43</sup> Thus, the plain language of the statute requires the Commission to establish reasonable terms and conditions for billing and collection for all

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<sup>42</sup> CME does not recommend that incremental pricing be applied to all leased access channels because that would in all likelihood produce a windfall for channel lessees and economic damage to the cable operator. However, in light of Congress's special concern for non-profit leased access usage, CME believes an incremental pricing approach is justified in this single instance.

<sup>43</sup> 1992 Cable Act § 612(c)(4)(A)(ii), 47 U.S.C. § 532 (c)(4)(A) (emphasis added).

cable systems without limitation. The legislative history supports this interpretation.<sup>44</sup>

Moreover, establishing reasonable terms and conditions for billing and collection only when cable systems voluntarily decide to offer billing and collection service would undermine congressional intent that the leased access channels become a "genuine outlet for programmers."<sup>45</sup> Because leased access programmers offer pay programming in competition with cable operators,<sup>46</sup> the cable operators are unlikely to voluntarily offer billing and collection services to their competitors. Indeed, the FCC previously recommended to Congress that cable operators should be required to offer billing and collection to promote the development of competition.<sup>47</sup>

As a practical matter, program lessees which charge subscribers for programming must rely on the cable operator to bill their customers and collect the revenues. Only the cable operator

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<sup>44</sup> See, e.g., H.R. Conf. Rep. No. 862, 102d Cong., 2d Sess. 79 (1992) ("1992 Conference Report") (noting that conference agreement adopted the Senate provision and describing the Senate provision as requiring "the FCC to establish the maximum reasonable rate and reasonable terms and conditions . . . for the billing of rates to subscribers, and for the collection of revenue from subscribers by the cable operator for such use."). 1991 Senate Report at 79.

<sup>45</sup> 1991 Senate Report at 79.

<sup>46</sup> Indeed, the very purpose underlying the amendment of Section 612(a) was to include the purpose of promoting competition in the delivery of diverse sources of video programming. 1992 Conference Report at 79.

<sup>47</sup> Competition, Rate Deregulation and the Commission's Policies Related to the Provision of Cable Television Service, 5 FCC Rcd 4962, 5051 (1990).



knows which customers are taking the programming and has the information needed for billing and collection, e.g., the subscribers' names, addresses and credit information. Furthermore, since the cable operator already bills subscribers for other services, it can easily add a charge for a pay leased access service. No other entity would be in a position to take advantage of this efficiency.

The NPRM further solicits comments on the use of a marketplace approach for determining the maximum reasonable rate for billing and collection services offered by cable operators. NPRM at ¶ 152. CME does not know of any competitive providers of billing and collection services to leased access programmers. For the reasons described above, we believe that the development of competitive billing and collection services is extremely unlikely. Thus, it would be inappropriate for the Commission to rely on a market place approach.

Finally, the Commission's treatment of telephone billing and collection services has no relevance in the cable television context. The detariffing of telephone billing and collection was explicitly premised on the finding that billing and collection rates were subject to competitive pressures, and that there were no barriers to entry.<sup>48</sup> In the case of cable leased access, there are no competitive pressures on rates for billing and collection and the barriers to entry are substantial. Thus, the Commission should

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<sup>48</sup> Detariffing of Billing and Collection Services, 102 FCC 2d 1150, 1171, recon. denied, 1 FCC Rcd 445 (1986).

both require cable companies to offer billing and collection services to program lessees and ensure that the terms and conditions of that service are reasonable.

**E. The Commission Should Monitor the Effectiveness of Its Regulations**

The NPRM seeks comment on whether the Commission should take measures to ensure that its regulations governing leased access are fulfilling the statutory objections of Section 612. NPRM at ¶ 154. CME believes it essential that the Commission do so. Otherwise, the congressional intent that leased access channels promote diversity and competition and provide "a genuine outlet for programmers" would be frustrated.

It is not sufficient for the Commission to rely solely on the complaint process to monitor the effectiveness of leased access. Rather, we agree with the suggestion that cable operators should report on an annual basis, at a minimum, the information listed in paragraph 154 of the NPRM. In addition, the Commission should commit to review this information periodically (e.g., every two years). If the Commission finds that leased access channels are not being used to provide diverse sources of information to consumers, including programming from non-profit organizations, it should lower the maximum reasonable rates. As noted above, the knowledge that rates could go down will give cable operators an incentive to act reasonably.

Finally, we see no reason to exempt any cable system from the reporting requirements, unless it is not required by law to provide leased access channels. Diversity is just as important, if not

more important, for consumers served by a small system as those served by a large system.

## **II. Terms and Conditions**

Congress found that cable operators prevented a leased access industry from emerging by setting prices unreasonably high. Given that prices are now to be regulated, CME strongly believes that the cable industry will block leased access through unreasonable terms and conditions unless the Commission acts to prevent this. Below, we set forth ground rules the Commission should establish for determining whether terms and conditions are reasonable. In addition, we urge the Commission to prohibit existing services from migrating to leased access.

### **A. The Commission Should Set forth Ground Rules for Reasonable Terms and Conditions**

To illustrate both the variety and the devastating nature of unreasonable terms and conditions, we offer a number of hypothetical scenarios:

Problem #1. A firm leases channel space from a cable operator to present musical events on a pay-per-view basis. However, citing the need for flexible scheduling, the cable operator declines to assign events to a specific channel until one week before they occur. Given that it must prepare advertising in advance, the lessee is unable to promote its events. Competing event PPV events (from which the operator receives a larger share of revenues) are scheduled long in advance.

Problem #2. A home shopping service leases a full-time channel. However, the cable operator assigns the service to a different channel number several times yearly. The shopping channel is never listed in the system's program guide or channel cards. QVC, a competing shopping network that appears on the same system, does not suffer these problems.

Problem #3. A cable operator is required to lease only one more channel on a 40-channel system. Within the course of a week, it receives offers to lease from a local mini-pay sports channel that would compete with the operator's regional sports venture, an educational channel which would compete with The Learning Channel (in which the operator owns a stake), and a precariously-funded TV bingo channel. The operator selects the bingo channel.

Problem #4. A mini-pay news service leases a full-time channel, and is assigned to a tier that is available only to subscribers who rent a digital converter at a cost of \$4.95 monthly. Only one-third of subscribers subscribe to such a tier. Yet CNN appears on an expanded basic tier to which most customers subscribe.

Problem #5. A company seeks to lease a channel to launch an expensive new sports channel. The cable operator agrees to a lease, but offers only a 90-day lease term, with renewal at the operator's discretion. The lessee's investors balk, and the venture collapses.

The Commission can prevent a tremendous variety of abuses by establishing four ground rules.

First, cable operators must grant channel lessees terms and conditions equivalent to those provided to the lessees' competitors on a given local system. Most of the problem scenarios described above involve circumstances in which the cable operator has disadvantaged a channel lessee vis-a-vis a competing service. If the Commission requires a prima facie showing that Section 612(c) of the Cable Act has been violated before it acts, NPRM at ¶ 166, then it should make clear that evidence of non-equivalent treatment by the cable operator meets the prima facie standard.<sup>49</sup>

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<sup>49</sup> The principle of equivalence also permits the Commission to forebear from intervening. For example, the Commission can easily determine that a cable system's channel realignment is not abusive if all channels are realigned and subscribers are given equivalent notice of all new channel positions.

Second, leased access channels should be allocated on a first-come, first-served basis. Congress intended that leased access channels be entirely beyond the editorial control of the cable operator.<sup>50</sup> As illustrated by Problem #3 above, the operator has incentives which will strongly color its selection of lessees. To fully divorce the operator from making content-related decisions, the Commission must require an operator to enter into leases in the order that it receives written offers from prospective lessees, until the leased access quota is filled with respect to a given system.

Third, channel lessees must be granted for appropriate time periods. Many lessees may have to raise large amounts of capital in order to operate, an impossible step for most if they are allowed only short-term leases. Accordingly, the Commission should require operators to lease channels for the length of time proposed by a prospective lessee, up to a maximum of 15 years.<sup>51</sup>

Fourth, the largest possible number of cable subscribers must be allowed to receive leased access services. Section 623(b)(8) of the Act prohibits buy-through, and, at least with regard to addressable cable systems, offers important protection for leased access pay TV services. However, Section 623(b)(8) does not

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<sup>50</sup> 1992 Cable Act § 612(c)(2), 47 U.S.C. § 532(c)(2). The operator is allowed to consider content for the purpose of establishing a price. Under CME's recommendations, this task will consist of assigning the lessee to the appropriate maximum rate category.

<sup>51</sup> Naturally, cable operators have to be allowed to specify that a lease will terminate should it lose its franchise, or equivalent authority to operate.

protect lessees or subscribers when a service is meant to be seen without charge -- as, presumably, the bulk of non-profit programming would be. Accordingly, the Commission should require that free leased access programming be carried on the lowest tier where containing services other than the basic services required by Section 623(b)(7)(A). Thus, leased access services would be placed on the basic tier if the operator includes any service on basic not mandated by Section 623(b)(7)(A); otherwise, they would be placed on the lowest tier of expanded basic.

Making leased access services widely available in this manner would fulfill congressional intent. As the Senate Report notes:

. . . if programmers using [leased access] channels are placed on tiers that few subscribers access, the purpose of this provision is defeated. The FCC should ensure that these programmers are carried on channel locations that most subscribers actually use....<sup>52</sup>

The Commission can resolve essentially all complaints regarding terms and conditions, as Congress requires it to do, by adopting these four ground rules.<sup>53</sup> Such complaint resolution, however, must be rapid, lest lessees be disadvantaged purely by delay. As CME describes below in Part III, Commission procedures need to bestow the power of incumbency on the lessee rather than the operator.

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<sup>52</sup> 1991 Senate Report at 79.

<sup>53</sup> 1992 Cable Act § 623(c)(4). The legislative history of this Section establishes that the Commission is mandated, rather than merely authorized, to take the steps listed in this subsection. See 1992 Conference Report at 80.

## **B. The Commission Should Bar Migration of Existing Services**

The NPRM inquires as to the probability that existing services will migrate to leased access channels, and whether the Commission should take regulatory action at this time to prevent it. NPRM at ¶ 161. CME believes that, unless migration is barred, certain types of services are extremely likely to migrate, especially if the Commission decides to adopt uniform, cost-of-service maximum rates.

As pointed out elsewhere in these comments, cable operators presently charge widely varying amounts for cable carriage. Highest carriage rates are for pay-per-view (PPV) events, which can entail payment of as much as \$17.50 per "buy" for the few hours of airtime needed to transmit a championship boxing match. Even assuming a buy rate of only 2%, this will entail payment of \$0.35 per basic subscriber--probably more than could be justified for an entire channel for a month under cost-of-service principles. Similarly, maxi-pay services like HBO and Showtime, and movie PPV channels are charged far more for carriage than they would be under cost-of-service leased access channel pricing.

CME has advocated a variable maximum pricing system which more closely matches current industry variable pricing practices. However, CME's proposals are intended to favor programmers more than current industry norms, under which cable operators receive monopsony rents. As a result, even under CME's proposals, migration would be probable.

Section 612(c)(3) of the Cable Act bars migration of services provided as of 1984.<sup>54</sup> However, there is presently no bar to program services migrating to leased access if they were added to a cable system after 1984. To fulfill the statutory purpose, the Commission should permanently bar the migration of existing services to leased access channels.

Migration would undermine competition in programming. Rather than allowing new entrants to gain access to cable and compete with existing programmers, migration lets operator-approved incumbents absorb the limited number of leased access channels. This would contravene congressional intent that leased channels provide an outlet that the operator would not provide if it had discretion to exclude them.<sup>55</sup>

Similarly, migration would stifle the diversity of programming sources by turning leased access channels over to existing

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<sup>54</sup> "Any cable system channel designated in accordance with this section shall not be used to provide a cable service that is being provided over such system on October 30, 1984, if the provision of such programming is intended to avoid the purpose of this section." 47 U.S.C. § 532 (c)(3).

<sup>55</sup> 1984 House Report at 47 ("Leased access is aimed at assuring that cable channels are available to enable program suppliers to furnish programming when the cable operation may elect not to provide that service as part of the program offerings he makes available to subscribers."). See also Senate Report 102-92 at 31 ("The cable operator is almost certain to have interests that clash with that of the programmer seeking to use leased access channels. If their interests were similar, the operator would have been more than willing to carry the programmer on regular cable channels. The operator thus has already decided for any number of reasons not to carry the programmer. For example, the operator may believe that the programmer might compete with programming that the programmer [sic] owns or controls.").



services, and consigning prospective lessees to the same operator rejection that stymied them in the first place. This chain of events would perpetuate the same problems that Congress intended to correct via the 1984 Act and 1992 amendments.

### **III. The Commission Should Ensure Access to Program Lessees Pending Resolution of Disputes on Rates, Terms or Conditions**

The cumbersome procedures set out in the 1984 Cable Act to resolve disputes between leased access users and cable operators undermined the viability of the leased access provisions. Congress thus directed the Commission in the 1992 Cable Act to implement a procedure for the expedited resolution of disputes. In response to that directive, the Commission now proposes a simplified complaint process. NPRM at ¶¶ 162-167.

The Commission proposes that an "aggrieved access user" file a petition for relief "alleging that an operator's rates or terms and conditions for use of leased access capacity violate" the Commission's rules. *Id.* at ¶ 164. The petition would consist of a simple statement of the facts constituting the alleged violation and the specific rule or regulation allegedly violated. *Id.* After the cable operator responded, e.g., within 10 or 15 days, the Commission would determine whether the petitioner has made out a prima facie case. *Id.* at ¶¶ 164, 165. If the Commission concludes that a prima facie case has been established, the burden of production would then shift to the cable operator to disprove the allegations in the petition. *Id.* at ¶ 165.

The Commission notes that this burden-shifting approach may be inconsistent with the presumption created in Section 612(f) of the

Communications Act that, "the prices, terms and conditions for use of channel capacity designated pursuant to subsection (b) [of Section 612] are reasonable and in good faith unless shown by clear and convincing evidence to the contrary."<sup>56</sup> To reconcile this apparent inconsistency, the Commission proposes that the establishment of a prima facie case of a violation of Commission rules would rebut the presumption that the prices, terms and conditions of leased access are reasonable. Id. at ¶ 166. If the allegations set forth in the petition are then proven, "they would constitute clear and convincing evidence of unreasonable practices or rates and meet the burden of proof imposed under the Act." Id. CME believes that this approach is legally sound and urges the Commission to adopt this portion of its proposal in full.

To further expedite the process, the Commission proposes to give oral rulings in those situations in which it deems "time is of the essence," to be followed by a written formal opinion. Id. at ¶ 167. The Commission tentatively concludes that rate disputes, because of their complex nature, would not be suitable for determination on an emergency basis. Id. Furthermore, in such cases not suitable to oral rulings, the Commission suggests that a procedure could be implemented whereby a program lessee could have access before a Commission decision is made.<sup>57</sup> The Commission also proposes that while the complaint is pending, the lessee would be

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<sup>56</sup> 1992 Cable Act § 612(f), 47 U.S.C § 532(f).

<sup>57</sup> This procedure is analogous to the tariff scheme for common carriers. Communications Act of 1934 § 204, 47 U.S.C. § 204 (1992).

required to provide some form of security, e.g., an escrow account.  
Id.

CME supports the Commission's proposal that a program lessee be afforded access to the cable system pending a decision from the Commission on a rate dispute. However, CME urges the Commission to broaden its proposal. First, because cable operators have an incentive to delay,<sup>58</sup> the complaint process could drag on in spite of the Commission's intention to act expeditiously. CME thus urges the Commission to adopt rules providing that if the Commission fails to resolve any dispute within 30 days, the program lessee would be afforded access at the terms it proposed.<sup>59</sup> An even shorter period of time should apply to cases the Commission deems "emergency situations."<sup>60</sup> Second, whenever feasible, the lessee should have access at the terms and conditions it proposes pending resolution of disputes.<sup>61</sup>

CME believes that affording access to a program lessee if the Commission fails to resolve a dispute in 30 days accomplishes two important goals. First, because access is permitted before rates,

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<sup>58</sup> The cable operator's incentives to delay result from the inherently hostile interests of the cable operator and the program lessee. First, leased access programming competes with the cable operator's own programming. Second, the cable operator is permitted to program the channel until it is leased.

<sup>59</sup> Donna N. Lampert, Cable Television Leased Access, A Report of the Annenberg Washington Program Communications Policy Studies, Northwestern University at 18.

<sup>60</sup> For example, the timely nature of a program about an upcoming election or a live concert would warrant access in a time period shorter than 30 days.

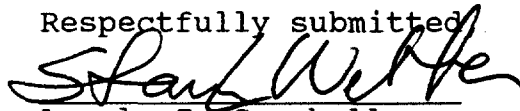
<sup>61</sup> See supra at II(A).

terms and conditions are agreed upon, the cable operator has an incentive to negotiate -- an incentive the cable operator did not have under the 1984 Cable Act. Second, if the parties fail to settle, at least the public receives the benefit of the programming while the complaint is pending before the Commission.

## V. Conclusion

CME urges the Commission to establish variable maximum rates depending on the type of service, with the lowest rates for non-profit programmers. The Commission should likewise establish reasonable terms and conditions for leased access, or the situation that followed the 1984 Act will repeat itself. In addition, to comply with Congressional intent, the Commission should bar migration, require cable operators to offer billing and collection services, and monitor the effectiveness of its regulations. Dispute resolution procedures should be simplified and expedited, and program lessees should be afforded access at their proposed terms whenever the Commission is unable to resolve a dispute within 30 days.

Respectfully submitted



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